



WAYS TO INCREASE THE ABILITY TO FINANCING THE EXPORT OF AGRICULTURAL PRODUCTS

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Abstract:

The article describes the methods and specific features of increasing the potential of financing the export of agricultural products mainly in the agrarian sector

Key words: agriculture, export, finance, agrarian sector, credit, potential

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I. Introduction

Improving the practice of financing the export of agricultural products is one of the necessary conditions for increasing the export potential of the agricultural sector. Therefore, there is an increase in the financing of the export of agricultural products in developed countries and a number of developing countries. In particular, in 2019, the amount of financing of the export of agricultural products was 7.4 percent in the USA and 9.1 percent in the European Union¹. The main part of these sources of financing are loans from commercial banks and subsidies from the state budget.

In the practice of the countries of the world, scientific studies are being carried out on the development of the crediting system for the export of agricultural products, the improvement of the mechanism of financial support by the state for the financing of this export, the effectiveness of the use of documented letters of credit in the financing of the export of agricultural products, and the increase of the role of tax policy in stimulating the export potential of the agricultural sector. This indicates the existence of actual problems in improving the practice of financing the export of agricultural products in these countries.

II. Literature study

Theoretical and practical aspects of financing the export of agricultural products are discussed by foreign economists - U. Dinkelberg [1], U. Denis [2], J. Scott [3], R. Yanbykh [4], G. Grishin [5], O. Tagirov[6], S.Korotkova[7], and others.

The scientific works of I. Alimardonov[8], D. Murodova[9], Z. Berdinazarov[10], F. Akhmedov[11], and others from the Uzbek economists have researched the theoretical and practical aspects of improving the practice of financing the export of agricultural products. .

Financing of the export of agricultural products in the Republic of Karakalpakstan was carried out by G.Tajenova [12], T.Nurymbetov [13].

III. Research methods

This article uses induction and deduction, economic-statistical methods, expert evaluation methods.

IV. Results and discussions

The practical importance of the research results is determined by the possibility of using them in the development of a set of measures aimed at increasing the potential of financing the export of agricultural products in the Republic of Uzbekistan.

Analysis Notes:

¹ www.vto.org (World Trade Organization)



By the end of 2019, the foreign trade turnover of the Republic of Uzbekistan was 42.2 billion. amounted to US dollars. This is 8.7 billion compared to 2019. per US dollar or 26.2% more.

The export volume of the country's foreign trade turnover is 17.9 billion. per US dollar (growth rate – 128.0%) and the import volume is 24.3 bln. reached US dollars (growth

rate – 124.9%). 6.4 billion during the reporting period. A passive foreign trade balance was recorded in the value of US dollars.

The export of agricultural products is an important component of the country's exports and plays an important role in increasing the country's export potential.

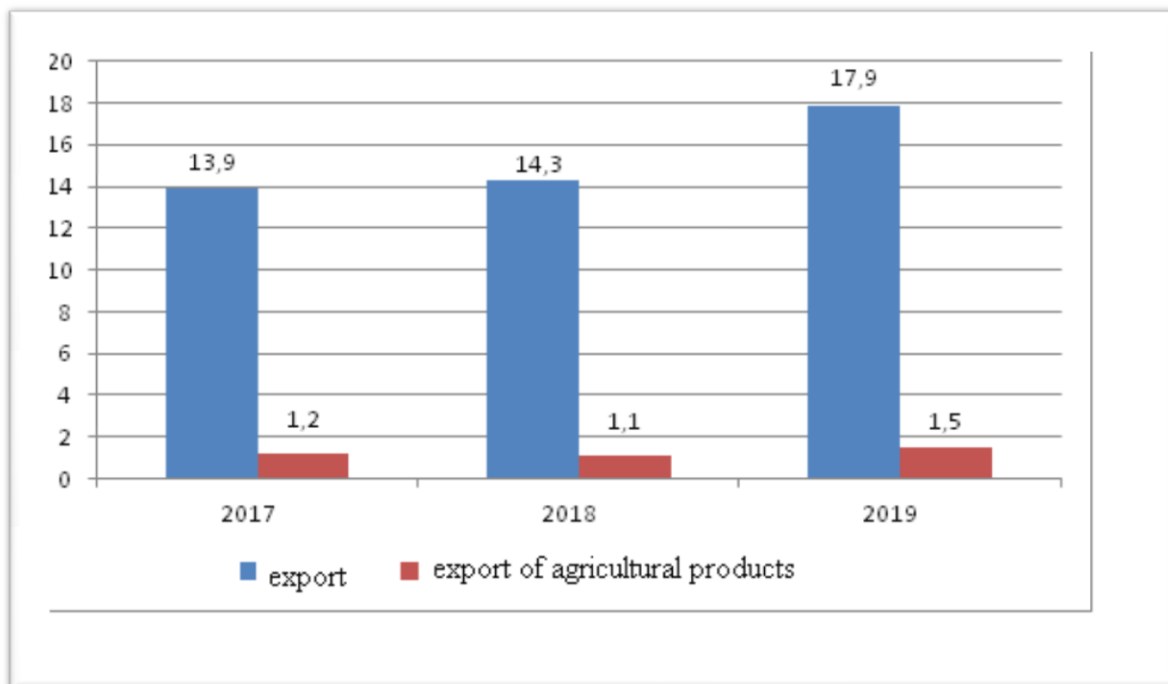


Figure 1. The volume of export and export of agricultural products in the Republic of Uzbekistan², bln. US dollars

It can be seen from the data of Figure 1 that in 2017-2019, the volume of exports of the Republic of Uzbekistan had an increasing trend. However, the volume of export of agricultural products was unstable. In 2019, the volume of export of agricultural products decreased significantly compared to 2017.

In the practice of financing the export of agricultural products in the Republic of Uzbekistan, the main place is occupied by loans of commercial banks.

In our republic, financial services to the agricultural sector are mainly provided by Joint-Stock-Commercial "Agrobank" and Uzagroexportbank..

Table 1

Branch structure of loan portfolio of JSC "Agrobank"³.

	2015 й.	2016 й.	2017 й.	2018 й.	2019 й.
Industry	26,55	28,05	20,75	7,66	22,15
Agriculture	42,26	39,14	48,53	33,47	36,18
Transport and communication	0,59	1,99	1,18	0,36	0,66
Construction	1,26	1,23	5,72	0,32	1,30

² www.stat.uz (State Statistics Committee of the Republic of Uzbekistan)

³ The table was compiled by the author based on the balance sheet data of JSC "Agrobank".



Trade and social services	1,98	1,36	0,65	0,97	1,18
Material and technical support	4,92	3,46	0,80	20,63	8,84
Housing and communal services	0,0	0,0	0,0	0,53	1,19
Other sectors	22,44	24,77	22,37	36,06	28,50
Credits - total	100,0	100,0	100,0	100,0	100,0

1- it can be seen from the information presented in the table that in 2015-2019, the first place in Agrobank's loan portfolio is occupied by loans given to agriculture. This is explained by the fact that Agrobank is a bank specializing in agricultural lending.

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From the data presented in Table 1, it can be seen that the share of agricultural loans in Agrobank's loan portfolio decreased significantly in 2019 compared to 2015. This is explained by the increase in the weight of loans given to material and technical supply and other sectors in Agrobank's loan portfolio.

Through the data of the following figure, we evaluate the level of loans granted by Agrobank for the purpose of financing the export of agricultural products (Figure2).

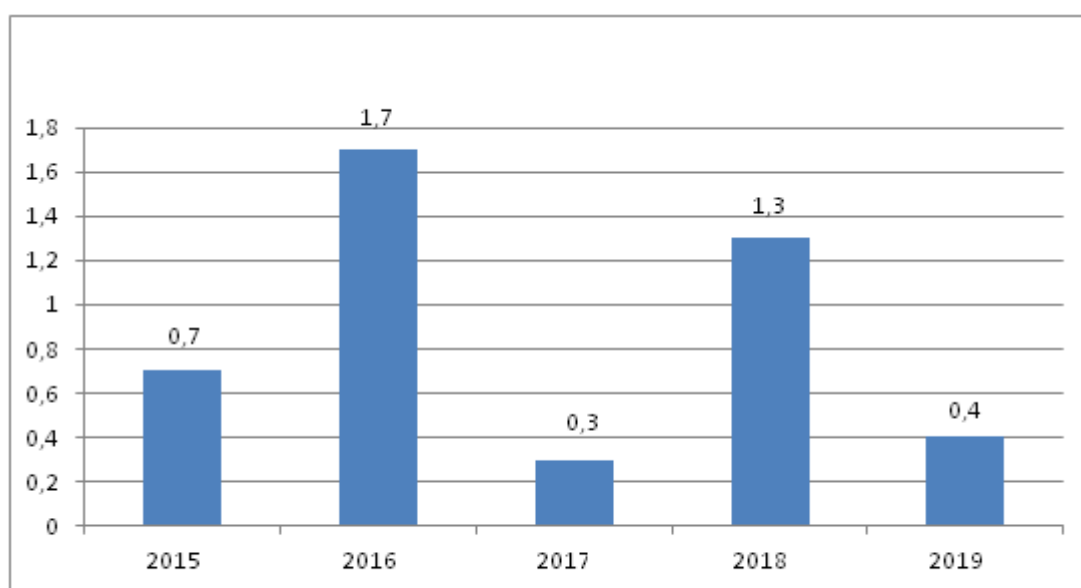


Figure 2. The share of loans granted for financing the export of agricultural products in the loan portfolio of Agrobank⁴, in percent

From the data presented in Figure 2, it can be seen that in 2015-2019, the loans granted for the purpose of financing the export of agricultural products occupied a very small weight in the loan portfolio of Agrobank. Moreover, this indicator in 2019 compared to 2015 relatively decreased. These cases are negative from the point of view of improving the practice of financing the export of agricultural products.

The increase in the volume of loans granted by Agrobank for the purpose of financing the export of agricultural products directly depends on the interest rate levels of loans granted by Agrobank in national and foreign currencies. This is because the ability of farms and agricultural enterprises to recover loans depends on the difference between the interest rate of loans and their profitability.

Table 2

⁴ The picture was compiled by the author based on the balance sheet data of JSC "Agrobank".



Average annual interest rates of JSC "Agrobank" loans to legal entities in national currency and US dollars⁵, in percent

Credits	2015 y.	2016 y.	2017 y.	2018 y.	2019 y.
Average annual interest rate of loans in national currency	13,5	14,3	16,2	17,7	23,0
Average annual interest rate of loans in US dollars	7,6	8,1	8,7	9,1	12,5

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From the data presented in Table 2, it can be seen that in 2015-2019, the average annual interest rate of loans granted by Agrobank to legal entities in national currency and US dollars had an increasing trend. This is explained by the following reasons:

1. In recent years, the inflation rate and the refinancing rate of the Central Bank have been high (Figure 3).

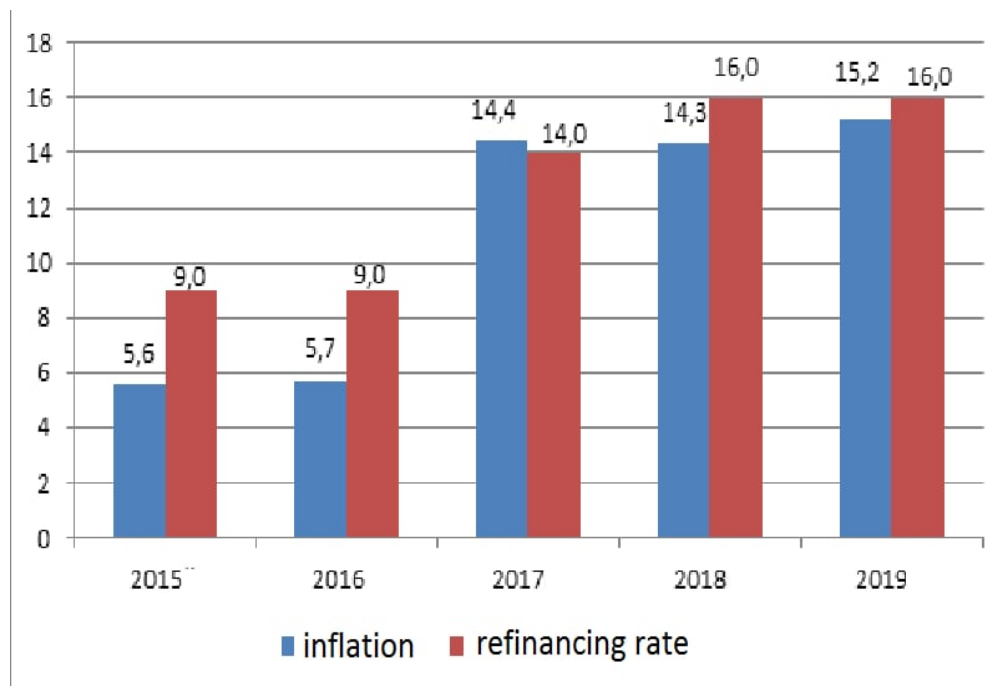


Figure 3. The annual level of inflation and the annual level of the refinancing rate of the Central Bank in the Republic of Uzbekistan⁶, %

From the data presented in Figure 3, it can be seen that in 2015, the inflation rate in our republic increased sharply compared to previous years, and this high level remained in 2018 and 2019. This forces commercial banks to increase interest rates on loans.

From the data presented in Figure 3, it can be seen that in 2017, the refinancing rate of the Central Bank of the Republic of Uzbekistan was increased by one to 5 percentage points compared to its level in 2016. This is explained by the sharp increase in inflation in 2019.

In turn, the sharp increase in the refinancing rate of the Central Bank gave a strong impetus to the increase in the interest rates of commercial banks' loans.

2. The fact that Agrobank is setting a high spread for loans attracted through foreign credit lines.

Also, JSC "Agrobank" is actively using the funds of the Reconstruction and Development Fund of Uzbekistan in providing investment loans.

⁵The table was compiled by the author based on the balance sheet data of JSC "Agrobank".

⁶The picture was compiled by the author from the site (Central Bank of the Republic of Uzbekistan).



Summary:

The results of the analysis of the practice of financing the export of agricultural products showed that:

*In 2017-2019, the volume of exports of the Republic of Uzbekistan had an increasing trend, however, the volume of exports of agricultural products was unstable, and in 2018, the volume of exports of agricultural products significantly decreased compared to 2017;

*the weight of agricultural loans in the loan portfolio of Agrobank significantly decreased in 2019 compared to 2015, explained by the fact that the weight of loans given to material and technical supply and other sectors in Agrobank's loan portfolio increased during this period;

*In 2015-2019, loans granted for the purpose of financing the export of agricultural products occupied a very small weight in the loan portfolio of Agrobank, and the fact that this indicator decreased in 2019 compared to 2015 is a negative situation from the point of view of improving the practice of financing the export of agricultural products

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